

Chicago Development Fund

Board of Directors

May 15, 2012

City Hall, Room 1000

The chair, Andrew Mooney, called the meeting of the Chicago Development Fund (CDF) Board of Directors to order at 10:05 a.m., pursuant to notice given to all members and posted publicly. Also present were members Carrie Austin, Alexandra Holt, Stephanie Neely, and Lois Scott; member Tom Tunney arrived at 10:10 a.m. The chair announced that a quorum of members was present.

Also present were Rafael Leon (Chairman of the CDF Advisory Board), Scott Fehlan (City of Chicago Law Department), Chester Wilson Jr. (City of Chicago), Reyahd Kazmi (City of Chicago), Darby Benedict (City of Chicago), Tony Smith (SB Friedman Development Advisors), Ben King (SB Friedman Development Advisors), James Simmons (SB Friedman Development Advisors), and Mitch Holzrichter (Mayer Brown LLP).

Commissioner Mooney announced that the Kroc Community Center, which was developed with support from CDF, will open on June 16, 2012. Alderman Austin reported that it is a beautiful facility and will be a beacon for the surrounding community.

Minutes of the Previous Meeting

Treasurer Neely moved to adopt the minutes of the previous meeting, February 2, 2012, as presented. Ms. Holt seconded the motion. There being five in favor and none opposed, the motion was adopted.

2011 Annual Report

The chair invited Mr. Smith to present the 2011 Annual Report, copies of which were distributed to members of the Board of Directors. After discussing the highlights of the report, Alderman Austin moved to adopt the 2011 Annual Report as presented and authorize its submission to the Mayor and City Council. Ms. Hold seconded the motion. There being five in favor and none opposed, the motion was adopted.

Alderman Tunney arrived at 10:10 a.m.

Status of Previously Approved Transactions

The chair invited Mr. Smith to provide an update on the status of previously approved projects. Mr. Smith reported that the Mercy Oakwood Shores Terraces transaction closed and funded in March 2012. The Truong Enterprises transaction also closed.

Mr. Smith noted that among the projects approved to date, there is a good balance between industrial, education, and other community facility (including healthcare, job training, and

recreation facilities) projects. However, CDF has yet to fund a grocery transaction, which remains a priority for 2012.

Mr. Smith reported that previously approved projects have leveraged \$202.6 million in private funding. For these projects in aggregate, private funding accounts for 65% of the project costs, while NMTC equity accounts for just 14%, other City sources account for 8%, and other public sources account for 13%.

Mr. Smith also provided an update on the Roseland Plaza project. PNC, the proposed lender, declined the loan. The project sponsor is working with other possible lenders, including Chicago Community Loan Fund and Northern Trust, to restructure the transaction.

Status of Tax Credit Allocations

The chair invited Mr. Smith to summarize the status of CDF's NMTC allocations. Mr. Smith reported that CDF received an allocation of \$65 million from the Department of Treasury in February 2012 as part of the 2011 Allocation Round. This was the largest award to any local or government-controlled applicant. Only 12% of government-controlled applicants received an award at all. Despite significant competition, CDF continues to succeed in its applications for additional allocation. Commissioner Mooney commended Mr. Smith and SB Friedman Development Advisors on putting together a successful application.

Mr. Smith observed that deployment of allocations remains a critical factor in receiving additional allocations. CDF is working to deploy its allocations efficiently, but still within its policy framework and with a goal of funding quality, impactful projects.

Mr. Smith reported that Congress has yet to authorize additional NMTC authority, and may not do so until late in 2012.

Ms. Scott asked how CDF should prioritize the use of its tax credits, in light of the limited supply available. Mr. Smith responded that CDF continues to pursue industrial and grocery projects, as previously directed by the Board of Directors, as well as other projects that are prepared to close on a timely basis. He also noted that many of CDF's community facility projects have other economic benefits, such as job training or healthcare. Ms. Holt stated that CDF should prioritize projects that are ready to close in order use tax credits efficiently and timely.

Proposed Transactions

Shankman and Hyde Parke Day Schools

The chair invited Mr. Smith to present the proposed Shankman and Hyde Park Day Schools transaction. Mr. Smith summarized the project, which includes the construction of a new facility to house both schools in the Woodlawn neighborhood, as well as the community benefits. The schools are currently located on the University of Chicago campus. The Shankman School serves students with unique emotional and psychological challenges, a majority of whom reside on-site. The Hyde Park Day School serves children with learning disabilities.

Mr. Smith recommended that the Board of Directors authorize the allocation of up to \$12 million in tax credits for the benefit of the project. The total project costs are approximately \$30 million. CDF has also successfully solicited PNC Bank and Consortium America to provide total tax credit allocations of \$16.7 million (in addition to CDF's tax credit allocation).

Treasurer Neely inquired about the connection between the schools and the University of Chicago. Mr. Smith explained that the schools are independent, although are supported in part by a foundation established by the University.

Ms. Scott left the meeting at 10:30 a.m.

Mr. Leon reported that the Advisory Board recommended approval of the transaction.

Treasurer Neely moved to adopt the resolution to approve the project and enter into the transaction. Alderman Austin seconded the motion. There being five in favor and none opposed, the resolution was adopted.

Swedish Covenant Hospital

The chair invited Mr. Smith to present the proposed Swedish Covenant Hospital transaction. Mr. Smith summarized the project, which includes the construction of a new facility. Of the total facility, CDF would support portions dedicated to the Federally Qualified Health Center and the Pediatrics Facilities, which are aligned with CDF's mission. These portions represent \$16 million of the total project budget of \$50 million. Mr. Smith recommended that the Board of Directors authorize the allocation of up to \$13.75 million in tax credits for the benefit of the project.

Alderman Austin moved to adopt the resolution to approve the project and enter into the transaction. Treasurer Neely seconded the motion. There being five in favor and none opposed, the resolution was adopted.

Election of Officers

The chair presented the resolution to elect officers for the upcoming year, including the election of Andrew Mooney as President, the election of Michael Jasso as Secretary-Treasurer and Vice President, and the appointment of Michael Jasso as Authorized Representative, all as set forth in the resolution. Alderman Austin moved to adopt the resolution. Treasurer Neely seconded the motion. There being five in favor and none opposed, the resolution was adopted.

The meeting was adjourned at 11:00 a.m.